

employee is required to contribute under paragraph "f" or "h" and shall pay the amount picked up in lieu of the member contributions to the board of trustees for recording and deposit in the fund.

(2) Member contributions picked up by each city under subparagraph (1) shall be treated as employer contributions for federal and state income tax purposes only and for all other purposes of this chapter ~~and the laws of this state~~ shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 5. Section 422.7, subsections 29 through 31, Code Supplement 1997, are amended by striking the subsections.

Sec. 6. EFFECTIVE AND APPLICABILITY DATE. This Act takes effect January 1, 1999, and applies to tax years beginning on or after January 1, 1999.

Approved May 6, 1998

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## CHAPTER 1175

### LOCAL COMMUNITY AND ECONOMIC DEVELOPMENT — COMMUNITY BUILDER PROGRAM AND ENTERPRISE ZONES

H.F. 2164

**AN ACT** relating to economic development enterprise zones and to local community and economic development planning assistance and the community builder program.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 15.108, subsection 3, paragraph a, Code Supplement 1997, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (5) Encourage cities, counties, local and regional government organizations, and local and regional economic development organizations to develop and implement comprehensive community and economic development plans. In evaluating financial assistance applications, the department shall award supplementary credit to applications submitted by cities, counties, local and regional government organizations, and local and regional economic development organizations that have developed a comprehensive community and economic development plan.

Sec. 2. Section 15.108, subsection 3, paragraph b, subparagraph (3), Code Supplement 1997, is amended to read as follows:

(3) Provide planning assistance to cities, ~~other municipalities,~~ counties, ~~groups of adjacent communities, metropolitan local and regional areas, and official governmental planning agencies~~ government organizations, and local and regional economic development organizations. Subject to the availability of funds for this purpose, the department may provide financial assistance to cities, counties, local and regional government organizations, and local and regional economic development organizations for the purpose of developing community and economic development plans.

Sec. 3. Section 15.282, Code 1997, is amended to read as follows:  
15.282 PURPOSE.

The purpose of this part is to assist communities and rural areas of the state with their development and governmental responsibilities by providing low-interest and no-interest

loans or grants for traditional infrastructure, new infrastructure, and housing, ~~and their efforts relating to community, business, and economic development under the community builder program established in section 15.308.~~

The department may also provide assistance for infrastructure assessment or planning efforts pursuant to rules established by the department.

Sec. 4. Section 15.286A, Code 1997, is amended to read as follows:  
15.286A PLANNING.

1. The planning category contains projects that include but are not limited to planning efforts ~~leading to completion of the community builder program established in section 15.308~~ and for statewide or regional infrastructure assessment or planning.

~~2. A city, cluster of cities, county, group of counties, council of governments, or regional planning commission, or one of these entities on behalf of an unincorporated community or group of unincorporated communities, is eligible to apply for loans or grants from this category for planning efforts related to the community builder program.~~

~~3.~~ 2. The department may issue requests for proposals for applications on a competitive basis or may negotiate with one or more public or private contractors for statewide or regional infrastructure assessment or planning.

~~4.~~ 3. The department shall adopt rules pursuant to chapter 17A for administration of this category.

Sec. 5. Section 15.327, subsection 1, Code 1997, is amended to read as follows:

1. "Community" means a city, county, or entity established pursuant to chapter 28E ~~that is a certified participant under section 15.308 or has established a comprehensive plan approved by the department.~~

Sec. 6. Section 15E.192, subsection 1, Code Supplement 1997, is amended to read as follows:

1. A county may create an economic development enterprise zone as authorized in this division, subject to certification by the department of economic development, by designating up to one percent of the county area for that purpose. An eligible county containing a city whose boundaries extend into an adjacent county may establish an enterprise zone in an area of the city located in the adjacent county if the adjacent county's board of supervisors adopts a resolution approving the establishment of the enterprise zone in the city and the two counties enter into an agreement pursuant to chapter 28E regarding the establishment of the enterprise zone. A county may establish more than one enterprise zone.

Sec. 7. Section 15E.193, subsection 1, paragraph a, Code Supplement 1997, is amended to read as follows:

a. Is not a retail business or a business where entrance is limited by a cover charge or membership requirement.

Sec. 8. Section 15E.193, subsection 1, paragraph b, Code Supplement 1997, is amended to read as follows:

b. ~~Pays at least eighty percent of the cost of a standard medical and dental insurance plan for all full-time employees. Provides all full-time employees with the option of choosing one of the following:~~

(1) The business pays eighty percent of both of the following:

(a) The cost of a standard medical insurance plan.

(b) The cost of a standard dental insurance plan or an equivalent plan.

(2) The business provides the employee with a monetarily equivalent plan to the plan provided for in subparagraph (1).

Sec. 9. Section 15E.193, subsection 1, paragraph d, Code Supplement 1997, is amended to read as follows:

d. Creates at least ten full-time positions and maintains them for at least ten years. For an existing business in counties with a population of ten thousand or less or in cities with a population of two thousand of\* less, the commission may adopt a provision that allows the business to create at least five initial jobs with the additional jobs to be added in five years. The business shall include in its strategic plan the timeline for job creation. If the existing business fails to meet the ten-job creation requirement within the five-year period, all incentives or assistance will cease immediately.

Sec. 10. NEW SECTION. 15E.193A ALTERNATIVE ELIGIBLE BUSINESS CRITERIA.

1. A business which is not located in an enterprise zone is eligible to receive incentives and assistance under section 15E.196 if the business has not closed or reduced its operation in one area of the state and relocated substantially the same operation in a location which qualifies the business under this section and if the business meets all of the following criteria:

a. Satisfies the requirements in section 15E.193, subsection 1, paragraphs "a", "b", "d", and "e".

b. Is or will be located in a city with a population between eight thousand and twenty-four thousand as determined by population estimates by the United States bureau of the census for the year of 1995.

c. Is or will be located in a city which is not more than thirty-five miles from an existing enterprise zone in this state or an equivalent zone in an adjacent state.

d. Satisfies the requirement in section 15.329, subsection 1, paragraph "d".

e. Is or will be located in an area which meets two of the criteria listed in section 15E.194, subsection 2.

f. Receives approval by ordinance or resolution from the city in which the project is located.

2. After approval of a project by ordinance or resolution, the city shall submit an application for incentives and assistance to the department of economic development. As part of the application, the city shall submit information relating the requirements listed in subsection 1 and in section 15E.193, subsection 2. The department may approve, defer, or deny the application.

3. If a business has received incentives or assistance under section 15E.196 and fails to maintain the requirements of subsection 1 to be an eligible business, the business is subject to repayment of all or a portion of the incentives and assistance that it has received. The city shall have the authority to take action to recover the value of taxes not collected as a result of an exemption provided by the community to the business. The department of revenue and finance shall have the authority to recover the value of state taxes or incentives provided under section 15E.196. The value of state incentives provided under section 15E.196 includes applicable interest and penalties. The department of economic development and the city shall enter into agreements with the business specifying the method for determining the amount of incentives or assistance paid which will be repaid in the event of failure to maintain the requirements of subsection 1. In addition, a business that fails to maintain the requirements of subsection 1 shall not receive incentives or assistance for each year during which the business is not in compliance.

4. In making its decision regarding an application, the department of economic development shall consider the impact of the eligible business on other businesses in competition with it and compare the compensation package of businesses in competition with the business being considered for incentives or assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for incentives or assistance. The department shall also make a good faith effort to determine the probability that the proposed incentives or assistance will displace employees of existing businesses. In determining the impact on businesses in competition with the business seeking incentives or assistance, jobs created as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created.

\* The word "or" probably intended

However, if the department finds that an eligible business has a record of violations of the law, including but not limited to environmental and worker safety statutes, rules, and regulations, over a period of time that tends to show a consistent pattern, the eligible business shall not qualify for incentives or assistance under section 15E.196, unless the department finds that the violations did not seriously affect public health or safety or the environment, or if it did that there were mitigating circumstances. In making the findings and determinations regarding violations, mitigating circumstances, and whether an eligible business is eligible for incentives or assistance under section 15E.196, the department is exempt from chapter 17A. If requested by the department, the business shall provide copies of materials documenting the type of violation, any fees or penalties assessed, court filings, final disposition of any findings, and any other information which would assist the department in assessing the nature of any violation.

5. A business that is approved to receive incentives or assistance shall, for the length of its designation as an enterprise zone business, certify annually to the department of economic development its compliance with the requirements of this section.

Sec. 11. Section 15E.195, subsection 1, Code Supplement 1997, is amended to read as follows:

1. A county which designates an enterprise zone pursuant to section 15E.194, subsection 1, and in which an eligible enterprise zone is certified shall establish an enterprise zone commission to review applications from qualified businesses located within or requesting to locate within an enterprise zone designated pursuant to section 15E.194, subsection 1, to receive incentives or assistance as provided in section 15E.196. The commission shall consist of nine members. Five of these members shall consist of one representative of the board of supervisors, one member with economic development expertise chosen by the department of economic development, one representative of the county zoning board, one member of the local community college board of directors, and one representative of the local workforce development center. These five members shall select the remaining four members. If the enterprise zone consists of an area meeting the requirements for eligibility for an urban or rural enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993, one of the remaining four members shall be a representative of that zone community. However, if the enterprise zone qualifies under the city criteria, one of the four members shall be a representative of an international labor organization and if an enterprise zone is located in any city, a representative, chosen by the city council, of each such city may be a member of the commission. A county shall have only one enterprise zone commission to review applications for incentives and assistance for businesses located within or requesting to locate within a certified enterprise zone designated pursuant to section 15E.194, subsection 1.

Sec. 12. Section 15E.195, Code Supplement 1997, is amended by adding the following new subsection:

**NEW SUBSECTION.** 1A. A city with a population of twenty-four thousand or more which designates an enterprise zone pursuant to section 15E.194, subsection 2, and in which an eligible enterprise zone is certified shall establish an enterprise zone commission to review applications from qualified businesses located within or requesting to locate within an enterprise zone to receive incentives or assistance as provided in section 15E.196. The commission shall consist of nine members. Six of these members shall consist of one representative of an international labor organization, one member with economic development expertise chosen by the department of economic development, one representative of the city council, one member of the local community college board of directors, one member of the city planning and zoning commission, and one representative of the local workforce development center. These six members shall select the remaining three members. If the enterprise zone consists of an area meeting the requirements for eligibility for an urban enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of

1993, one of the remaining three members shall be a representative of that community. If a city contiguous to the city designating the enterprise zone is included in an enterprise zone, a representative of the contiguous city, chosen by the city council, shall be a member of the commission. A city in which an eligible enterprise zone is certified shall have only one enterprise zone commission. If a city has established an enterprise zone commission prior to the effective date of this Act, the city may petition to the department of economic development to change the structure of the existing commission.

Sec. 13. Section 15E.196, subsection 5, Code Supplement 1997, is amended to read as follows:

5. The county or city for which an eligible enterprise zone is certified may exempt from all property taxation all or a portion of the value added to the property upon which an eligible business locates or expands in an enterprise zone and which is used in the operation of the eligible business. The amount of value added for purposes of this subsection shall be the amount of the increase in assessed valuation of the property following the location or expansion of the business in the enterprise zone. If an exemption provided pursuant to this subsection is made applicable to only a portion of the property within an enterprise zone, the definition of that subset of eligible property must be by uniform criteria which further some planning objective established by the city or county enterprise zone commission and approved by the eligible city or county. The exemption may be allowed for a period not to exceed ten years beginning the year the eligible business enters into an agreement with the county or city to locate or expand operations in an enterprise zone.

Sec. 14. Section 15.308, Code 1997, is repealed.

Approved May 6, 1998

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## CHAPTER 1176

### EDUCATION STANDARDS AND ACCREDITATION PROCESS

*H.F. 2272*

**AN ACT** requiring the state board of education to adopt rules relating to the incorporation of accountability for student achievement into the education standards and accreditation process.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 256.7, Code 1997, is amended by adding the following new subsection:

**NEW SUBSECTION.** 21. Develop and adopt rules by July 1, 1999, incorporating accountability for student achievement into the standards and accreditation process described in section 256.11. The rules shall provide for all of the following:

a. Requirements that all school districts and accredited nonpublic schools develop, implement, and file with the department a comprehensive school improvement plan that includes, but is not limited to, demonstrated school, parental, and community involvement in assessing educational needs, establishing local education standards and student achievement levels, and, as applicable, the consolidation of federal and state planning, goal-setting, and reporting requirements.

b. A set of core academic indicators in mathematics and reading in grades four, eight, and eleven, a set of core academic indicators in science in grades eight and eleven, and another